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## **MANIFESTO BRIEFING ON GOVERNANCE AND LEGISLATURE**

The 2019 elections take place against the backdrop of significant strides in improving the lives of South Africans. Over the past 25 years, the dignity of our people has been restored. Few countries in the world have succeeded in expanding vital services such as water, sanitation, electricity, roads and housing to so many people in such a short time. We promoted nation-building, social cohesion and celebrated our diversity as a nation. This was made possible by our concerted efforts to build a capable and developmental state.

The National Development Plan (NDP) anticipates that by 2030 we will have a developmental state that is accountable, focused on citizen's priorities, and capable of delivering high-quality services consistently and sustainably through cooperative governance and participatory democracy.

The NDP equally demands of us to place South Africa on a sustainable path that effectively addresses the twin challenges of poverty and inequality. In order to realise this vision, the state needs to play a transformative and developmental role, which requires well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives.

The vision of local government articulated in the Constitution, the White Paper, and the NDP was in large measure shaped by the struggles and experiences of ordinary South Africans under the racially divided, unequal and exploitative governance systems of apartheid.

The efforts to build a sustainable and capable state have come a long way since the advent of democracy in 1994 when we had to amalgamate a number of disparate administrations from the apartheid state and homeland administrations into a single public service. Similarly, significant strides have been made in establishing a single local government system from the fragmented, undemocratic, unaccountable and racially divided apartheid system. The number of municipalities was rationalised from over 1 200 racially segregated, institutionally fragmented and undemocratic local government structures in the early 1990's to 257 democratically elected municipalities in 2016. 25 years into our democracy, we still have to contend with the residual legacy of apartheid spatial geography, which has resulted in widely divergent municipalities with different capacities and tax bases.

Public participation, accountability and effective oversight are essential instruments of a functioning democracy. Over the last 25 years, we have built robust systems and institutions to strengthen oversight and accountability, enhance public involvement, deepen engagement and strengthen cooperative governance as well as legislative capacity.

As part of the ever-constant evaluation of service delivery that government undertakes, a Citizen Report Card (CRC) Survey is commissioned in order to gauge levels of access to and effectiveness of government services. The survey is intended to act as an instrument with which government can adjust government service delivery with the interests of the public who use these services or facilities. Also, the CRC approach is aimed at assisting in determining which

specific government institutions need urgent or extensive realigning in order to meet the expectations of their user base.

In 2000 government announced a programme of free basic services for indigent households, which would guarantee a minimum package of tariff-free essential services. The services for indigent households were meant to be derived from the 'equitable share' of nationally raised revenue provided for in the Constitution. In addition, government instituted a wide variety of conditional grants for particular functions and services. In aggregate, transfers to local government have grown more than ten-fold in real terms over the period 1998/99 to 2017/18, now totalling some R110 billion. Combined with their own revenues, total revenues to local government now comprise nearly 25% of total government expenditure. This constitutes a substantial commitment to decentralisation.

There is a massive variation in size and capacity of municipalities, with metro administrations having budgets larger than most government departments, while small rural municipalities are barely able to perform basic functions. Nearly 40% of the South Africa's population live in 8 single-tier 'Category A' metropolitan municipalities.

Despite huge differences between municipalities, there has been impressive overall progress with the delivery of infrastructure services. Households with access to piped water improved from 70% (28 million people) in 1996 to 88,8% (50,9 million) in 2017. Households with access to at least basic sanitation (VIP pit latrines) improved from 48,8% (19,5 million people) in 1996 to 82.2% of households (46 million) in 2017. 4,7 million new households have been connected to the electricity grid since 1994, and by 2017, 84.4% (or 13.7 million) households were connected to an electricity supply.

The percentage of households with refuse removed once per week increased from 56,1% in 2002 to 65,9% in 2017, while the percentage of households with own or communal dumps, or no facilities decreased. Although there has been a slow improvement in waste collection in terms of penetration and level of service, many municipalities struggle to recover the costs associated with the collection and disposal of waste. Inadequate financial resources combined with a shortage of technical waste management skills within the local government sector has hindered progress in stimulating the waste economy through separating waste at source for recycling and investing in alternative waste treatment as opposed to landfilling.

Economic activity and wealth tends to be concentrated in cities and towns, resulting in an improved revenue base for urban municipalities. At the same time these disparities are driven by a number of internal factors, including the loss of professional capacity, failure to adequately maintain infrastructure, failure to collect revenue and manage services sustainably. In many municipalities, the focus on expanding access has come at the expense of repairs and maintenance, leading to unreliable service delivery and high levels of electricity and water losses.

Failure to invest in operation and maintenance inevitably results in higher costs and the inability to realise revenue projections. Although most cities and some smaller municipalities have developed asset and information management systems that help them to manage existing infrastructure assets and to identify future challenges, failure to properly manage infrastructure is in large part responsible for service delivery failures.

While the annual municipal audit outcomes generate much criticism of local government performance, the long-term trend provides a more sober picture of the advances made. Evidence shows that over the period 2007/08 to 2016/17, the number of qualified, disclaimed and adverse audit opinions significantly decreased from 67% in 2007/08 to 43.6% in 2016/17, while the number of municipalities with unqualified audit reports (with or without findings) increased from 33% to 57%.

Oversight and accountability has been improved through, Municipal Public Accounts Committees (MPACs), which are oversight bodies appointed by Council and responsible for reviewing local government expenditure and performance reports in hearings that are open to the media and the public to encourage transparency. MPACs have proven successful in providing an open platform for scrutinising municipal finances, fighting corruption, and promoting corporate governance principles. By 2012 80% of municipalities reported having established MPACs, and by 2018 this rose to 99%.

## **LEGISLATURE**

The legislative arm of the state through Parliament and Provincial Legislatures continues to be an expression of our democratic values and an assembly of public representatives entrusted with the task of making laws that enable the realisation of a society envisaged in the Constitution where all citizens are equal before the law and have equal opportunities. In realising its mandate, Parliament presided over defining decisions, which include:

- Passing in excess of 2 000 laws as part of building a new nation from the ashes of apartheid and colonialism that had ravaged our society;
- Approving budgets involving trillions of rands which changed the lives of millions of South Africans and shifted human development outcomes. These included increased life expectancy, vastly improved access to education with 8 in 10 children enrolled and registering high matric pass rates, tripling enrolments at tertiary institutions with billions given in bursaries, a six-fold increase in uptake of social security benefits. Millions have benefited from housing, access to electricity, literacy programmes, water and many other amenities.

We acknowledge that there are many other areas where the execution of many of our world acclaimed policies did not result in the desired outcomes and impact. As a result, Parliament made a number of interventions which include hearings on state capture, ESKOM challenges and other State-Owned Enterprises and also established an independent High-Level Panel, led by former President, Cde Kgalema Motlanthe, to conduct a clinical assessment of the impact of our laws on the people. Without fear, favour or prejudice, this panel reflected on areas that require immediate and urgent interventions by Parliament. These include inequality, land hunger, unemployment, poverty, participation in mainstream economic activities and social cohesion.

## **RESTORING TRUST AND CONFIDENCE IN PUBLIC INSTITUTION**

We have also had to deal with the effects of state capture on vital public institutions, including our law enforcement agencies, whose integrity and ability to fulfil their mandate had been eroded in recent years. We have therefore acted to stabilise and restore the credibility of institutions like the National Prosecuting Authority, the South African Revenue Service, the State Security Agency and the South African Police Service.

We have appointed a new National Director of Public Prosecutions, Adv Shamila Batohi, to lead the revival of the NPA and to strengthen the fight against crime and corruption. We are implementing the recommendations of the report of the Nugent Commission of Inquiry into SARS and are in the process of appointing a new Commissioner to head this essential institution. On the basis of the report and recommendations of the High Level Review Panel on the State Security Agency the President will soon announce a number of urgent steps to enable the reconstitution of a professional national intelligence capability for South Africa.

In the last week, the President published a proclamation establishing the Investigation Directorate within the NPA. The ANC believes the establishment of this directorate is a step in the right direction and a demonstration of the ANC-led government's unwavering commitment to root out corruption and deal state capture a fatal blow. We have made a firm commitment to demonstrate our seriousness in uprooting all forms of corruption through tangible action. The establishment of this Directorate puts in motion an irreversible course in cleansing our nation of the evils of lawlessness, organised crime and actions that seek to capture organs of state.

The ANC called for the establishment of the Zondo Commission in order to lay bare all forms of state capture and ensure that all those against whom evidence of criminality is found face the full might of the law. The establishment of this Directorate is the clearest indication that our resolve to realise this goal has never been greater. The long arm of the law will reach all those who presided over the looting of the state with impunity.

This action adds to the arsenal of legal instruments aimed at ensuring public resources are employed for the purpose for which they were allocated and eradicate perverse incentives for corruption. These include the Public Audit Amendment Act and the Financial Intelligence Amendment Act which were signed into law by President Ramaphosa earlier this year.

We have learnt significant lessons from both the good and bad of the past twenty-five years. Informed by our history of commitment to the people's cause, we are resolved to make this an era of renewal and hope. We invite all South Africans to become part of a nation on the cusp of hope and renewal and join us in growing South Africa.

As part of promoting good governance and an accountable state, we will strengthen the oversight role of Parliament and provincial legislatures. We will support local government to improve financial management, service provision and infrastructure building and maintenance.

We will actively promote a culture of integrity throughout the state, society and within our people's organisation, the ANC. We will not tolerate practices that harm the public interest. We will hold people accountable and those who loot public resources will face the full might of the law.

In instilling a public service that is responsive to our developmental agenda, key actions include:

- (a) Stimulating the Economy by allowing Public Servants to retire early without Penalties to Pensions
- (b) Managing the size of Government and Public Sector
- (c) Digital Democracy impact on Skills and Service Modes

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## **ADDENDUM**

### **LOCAL GOVERNMENT**

The democratic state has also made impressive gains over the past 25 years in establishing a policy and legislative framework for accountability and public participation supported by institutions and programmes that entrench participatory democracy. The establishment of ward committees promotes the right of communities to participate in the decisions which affect development in their areas. Ward committees have been established in 93% of the 4 392 demarcated wards. In addition, since 2004 ward-based community development workers have been appointed in 66% of wards.

There is a high degree of stress in the local government financial system, partly as a result of the operating costs associated with this infrastructure. Signs of financial strain amongst municipalities grew after the 2008 financial crisis and have further intensified recently. In the last year the number of municipalities in financial distress has increased from 95 to 128. There are 64 municipalities with negative cash balances, and 136 with cash coverage of less than one month. A total of 113 municipalities adopted “unfunded budgets” for 2018/19 financial year. The inability of households to pay service charges, combined with the inability of municipalities to collect own revenues, has resulted in 115 municipalities reporting growth in debtors of more than 20%. This has had a knock-on effect on municipalities’ ability to pay creditors, with over R21 billion currently in arrears – including over R10.7bn owed to Eskom and over R5.5bn to water boards.

### **What needs to be done to improve local government performance?**

Despite the achievements over the years, the current development trajectory is not delivering sufficient economic growth, social inclusion or spatial integration, and it is also not fiscally sustainable. The regulatory system needs to cater for differentiation between municipalities, promote alignment (via assignment of functions) and engender accountability for performance. In this regard a core set of indicators that recognises the powers and functions is in the process of being developed to ensure that municipalities are measured against their powers and functions.

There should be far stronger incentives within government to coordinate the programmes of different government units. Municipalities must be capacitated to play a greater role in rural and urban development, and key housing and public transport responsibilities should be devolved where capacity exists.

Emphasis should change from direct provision of facilities towards the promotion of efficient local markets and demand-driven inclusive growth. This will mean rapidly and progressively shifting the focus of central government funding for development towards demand-side subsidies that support the agency of households and communities.

In addressing these challenges, we will undertake the following actions:

### **Governance & institutional arrangements**

- We will review the functioning of the two-tier system and consider migrating to a single tier Local Government system. As a transitional measure, we will increase the number of secondary cities which are designated as standalone Category A municipalities.
- We will broker an arrangement between traditional authorities and municipalities regarding land management, service delivery and revenue collection on communal land.
- We will aggressively implement existing laws and establish a team of experienced local government administrators to provide long term institutional and administrative support.

### **Accountability & Participation**

- We will reform the ward committee system and develop a new model aimed at deepening democracy at ward level.
- We will build effective partnerships around local development and embed the local state in civil society.
- We will create greater transparency in municipal procurement and allocation decisions.
- We will use technology to enhance community participation e.g. GovChat initiative and Municipal Money
- We will introduce citizen-based monitoring with civil society to monitor local government performance and strengthen accountability

### **Infrastructure services**

- We will establish effective programme and project preparation systems, roll out infrastructure delivery management systems
- Accelerate infrastructure delivery by national and provincial government and SOEs through the roll-out of the integrated Infrastructure Delivery Management System (IDMS).
- We will introduce a national sanitation challenge fund to improve sanitation in informal settlements.
- We will facilitate crowding-in of commercial financing.
- We will investigate suitable business models for local electricity distribution.
- We will improve incentives to accelerate materials recovery in waste management.
- We will strengthen the capacity and capability for MISA to support municipal infrastructure projects.

## **Social & economic transformation**

- We will review and simplify the local government planning system.
- We recognise that municipal SDFs as the dominant planning and land use management framework for aligning strategies of public landowners. SDFs should engage explicitly with land reform and should receive national regulatory and administrative support.
- We will integrate and connect Special Economic Zones (SEZs) with adjacent urban areas and expand Urban Development Zones (UDZs).
- We will integrate public transport and human settlements functions by devolving them to municipalities with the capacity to administer them.
- Performance indicators for intergovernmental cooperation between spheres and across sectors will be monitored to improve impact of Integrated Development Plans (IDPs).

## **Capacity and skills**

- We will ensure that recruitment processes with clear minimum requirements and compliance with municipal managers competency framework are implemented.
- We will regulate local public administration through a local government Public Service Commission (LG PSC).
- We will review the system of fixed term appointments for municipal managers and section managers in order to provide longer term job security and retain skills.
- We will establish a mechanism to transfer experienced managers between municipalities, and place experienced managers in areas of need.
- We will implement mechanisms to prevent malicious suspension of senior managers to be established with oversight from LG Public Service Commission.
- We will strengthen the Monitoring and Evaluation of provinces and national government to ensure

The financing model for local government will be comprehensively reviewed. This will include:

- Assess need to expand flexible central government grants to municipalities.
- Explore ways for municipalities to increase own-source revenues.
- Investigate new municipal sources to accommodate long-term operational subsidies for public transport.
- Amend the Municipal Fiscal Powers and Functions Act (2007) to clarify rules for levying development charges.
- Update the policy framework on municipal borrowing, allow municipalities to borrow against future grant transfers.

There is a need to strengthen that capacity and capability of provinces to provide supervision, monitoring and support of local government as a Constitutional obligation in terms of sections 154 (1) and Section 155 (6) and (7) of the Constitution. There has to be a collaborative approach on how both provincial and national government monitor, report and evaluate the performance of local government. The system of applying section 139 to municipalities is a case in point wherein a national report shows weaknesses in a particular municipality but the Province is reluctant to intervene on time.

## MANIFESTO COMMITMENTS

Over the next five years, we will:

- Strengthen the criminal justice system to recover stolen public funds, including those in offshore tax havens.
- Step up measures that act against private companies, financial services and agents that facilitate tax avoidance and illicit financial flows, profit shifting, illegal imports and import fraud, thereby robbing the country of much needed tax revenue.
- Ensure the speedy implementation of lifestyle audits and broaden vetting and financial monitoring in the public service, to curb corruption.
- Strengthen implementation of legislation preventing public servants from conducting business with the state.
- Develop systems to ensure that we build a more transparent and open tender system as mitigation against fraud, bribery and corruption.
- Build and strengthen a social compact on anti-corruption that will include initiatives that discourage those that turn blind-eye to corruption.

As part of promoting a culture of a responsive and accountable government, we will:

- Work to improve the way government interacts with communities by conducting regular forums or imbizos and make effective use of new communication technologies to address community problems and empower communities to organise themselves.
- Strengthen the oversight role of Parliament and provincial legislatures.
- Continue implementing measures to safeguard the independence of the judiciary.
- Support and resource institutions supporting democracy.
- Step up public service performance inspections and unannounced visits as part of improving the performance of public servants in putting people first.
- Strengthen governance interventions in public entities and security agencies.
- Implement accountability and consequence management.

On local government, we will:

- Ensure that local government builds and strengthens people's power and that residents are actively involved in decisions about their ward, zone, town or city.
- Support municipalities to make more effective use of information and technology to improve their efficiency, effectiveness and impact.
- Continue to improve the skills base of local government by enforcing compliance with appropriate standards for senior officials and building capacity through deployment of district support teams consisting of engineers, planners, financial and governance experts.
- Strengthen the coordination of inter-governmental relations and planning and be more proactive in mediating and resolving problems, including between district and local municipalities.
- Support municipalities to transform the spatial injustices of apartheid which relegated most South Africans to the margins of cities and towns and farming areas, leaving them without rights, without land, without assets and without opportunities.
- Use the Integrated Urban Development Framework to manage rapid urbanisation and steer urban growth towards a sustainable model of compact, connected and coordinated cities and towns and strengthen links between urban and rural areas.



- Build the capacity of municipalities to promote investment and job creation by ensuring that they provide electricity, water and other services reliably and consistently and are efficient in issuing permits and effective in the enforcement of regulations and by-laws.

On institutions of traditional leadership, we will:

- Promote co-operative relations between government in all spheres and traditional authorities and its leadership, including in relation to economic development and land use management.
- Investigate a special cooperative governance dispensation that will effectively manage the relationship of municipalities and traditional authorities.
- Strengthen relations with institutions of traditional leadership, including working closely with Contralesa.

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